



City of Long Beach

2012 Initial Findings & Reforms



Insufficient Spending Controls

"We never tracked denied purchase requisitions, because NOTHING WAS EVER DENIED."

- Outdated and unbudgeted petty cash procedures and controls—
 "Cash will not be petty in Long Beach anymore."
- Blanket purchase orders for over \$200,000, requested up to \$400,000
- Personnel movements executed without regard to budget (costing \$393,939.62)
- City pays for Newsday delivery to an employee's home
- Purchases requested without confirmation of available funds, ignoring chain of command
- No tracking of city's fixed assets inventory under \$500
- City has four different cell carriers providing the same type of service

Spotlight on Overtime

- No consistent policy to manage overtime
- 8 departments have severely exceeded their annual overtime budget by a total of \$544,016, or 40.8%
- An 80% increase in overtime from 2010 to 2011
- Overtime increased almost \$900,000, or 66% since 2006
- Zero accountability for exceeding overtime budgets

Revenues Consistently Overestimated

2009-2010	Budget	Actual	Deficit
Non-Property Taxes	\$5,552,000	\$4,207,475	\$1,344,525
State Aid	\$6,406,291	\$5,098,879	\$1,307,412
Commercial Sanitation	\$850,000	\$445,052	\$404,948
Utility Tax	\$2,400,000	\$819,878	\$1,580,122
State Aid Mortgage Tax	\$2,250,000	\$895,835	\$1,354,165
TOTAL	16,608,291	11,467,119	\$5,991,172

Running Tab of Unbudgeted Expenses

	Unbudgeted Amount
Unbudgeted Personnel Movements	\$393,939.62
Unbudgeted MTA Tax	\$130,000
Unbudgeted Legal Settlements	\$152,948.26
Unbudgeted Vendors	\$58,000
TOTAL	\$734,887.88



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Management Reforms Underway

- ✓ Bringing Accountability to the spending/purchasing approval process
 - City Manager is now the final approval signature
 - Must have line-level sign-off, department approval, meet purchasing policy, have available budget and then the City Manager determines whether or not it is essential
 - Slowed down spending by denying non-essential spending requests and increasing level of scrutiny
 - Fiscal Impact Statement now required for all resolutions.
- ✓ Establishing an Overtime Policy
 - Overtime approval requests must outline costs and justifications
 - Overtime will only be authorized only when the City Manager's office is satisfied that the overtime work or service is essential and that overtime is the most appropriate and cost effective way of completing the necessary work
 - Require all overtime to be pre-approved on a standardized approval form
- ✓ Bringing consistency to Personnel Issues
 - Establishing consistent policies for sick leave use, hiring benefits and termination process
 - Establishing confidentiality to medical information (e.g., co-pay reimbursements)
 - Eliminate any unnecessary promotions, positions and/or grade changes